

Message Text

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SUBJECT: QUEBEC AUTO INSURANCE

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SUMMARY: PRACTICES UNDER QUEBEC'S AUTO INSURANCE REFORM PROGRAM HAVE CHANGED METHODS OF COMPENSATION, ELIMINATED TORT RIGHTS, AND LIMITED PAYMENTS FOR BODILY INJURIES. RESIDENTS OF QUEBEC NOW RECEIVE PREFERRED TREATMENT OVER NON-RESIDENTS. AMERICAN VISITORS TO QUEBEC, INTERESTED IN MAINTAINING FULL COVERAGE, ARE WELL ADVISED TO TAKE OUT ADDITIONAL INSURANCE. AMERICAN AUTOMOBILE ASSOCIATION HAS BEEN ADVISED. END SUMMARY.

1. UNDER QUEBEC'S INSURANCE REFORM PROGRAM, WHICH IMPLEMENTED NO FAULT LAW FOR BODILY INJURIES WHILE LEAVING PROPERTY CLAIMS TO PRIVATE COMPANIES, A NEW SYSTEM FOR COMPENSATING DRIVERS FOR DAMAGE TO THEIR CARS BEGAN MAY 1. EACH INSURANCE FIRM WILL NOW BE REQUIRED TO COMPENSATE ITS OWN CLIENT FOR DAMAGE WHEN HE IS FOUND TO BE THE INNOCENT PARTY. COMPENSATION WILL DEPEND ON DEGREE OF INNOCENCE. A DRIVER FOUND TO BE 60 PERCENT RESPONSIBLE FOR AN ACCIDENT WOULD THUS BE PAID BY HIS OWN FIRM FOR 40 PERCENT OF HIS LOSS. A FIRM PAYING ITS OWN INNOCENT CUSTOMER WILL NOT BE ALLOWED TO RECOVER THAT PAYMENT FROM GUILTY PARTY'S INSURANCE FIRM.

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2. SYSTEM DIFFERS FROM PREVIOUS PRACTICE IN QUEBEC AND FROM CUSTOMARY PRACTICE IN US, WHERE INNOCENT PARTY COLLECTS FROM INSURANCE COMPANY OF GUILTY PARTY. REFORM IS EXPECTED TO SPEED UP SETTLEMENT OF CLAIMS, AS INNOCENT PARTY NO LONGER HAS TO CHASE AFTER INSURANCE COMPANY OF GUILTY PARTY AND AS COMPANIES ARE EXPECTED TO PROVIDE EXPEDITIOUS SERVICE TO THEIR OWN CLIENTS, WHOM THEY WILL NOW BE COMPENSATING AND WHOSE BUSINESS THEY

PRESUMABLY WILL WANT TO KEEP. OUR CHECKS WITH INSURANCE COMPANIES IN QUEBEC INDICATE THAT DIRECT COMPENSATION PROGRAM IS NOT EXPECTED TO CAUSE ANY ECONOMIC DIFFICULTIES FOR COMPANIES AS CLAIMS PAID OUT BY EACH COMPANY WILL EVEN OUT IN END.

3. MAIN PROBLEM SEEN BY MOST IN QUEBEC'S INSURANCE REFORM PROGRAM, OTHER THAN EVENTUAL COST WHICH IS STILL INDETERMINATE, IS LIMIT SET ON COMPENSATION UNDER BODILY INJURY PORTION OF PROGRAM. ALL TORT RIGHTS HAVE BEEN TAKEN AWAY AND COMPENSATION LEVELS HAVE BEEN ESTABLISHED BY PROVINCIAL GOVERNMENT. BASIC COVERAGE INCLUDES 100 PERCENT OF MEDICAL EXPENSES AND FOR THOSE DISABLED AFTER A SEVEN-DAY WAITING PERIOD COMPENSATION FOR LOST WAGES. FOR QUEBEC RESIDENTS COMPENSATION WILL BE MADE REGARDLESS OF FAULT. PROBLEM FOR SOME IS THAT MAXIMUM COMPENSATION FOR LOST EARNINGS IS SET AT DOLS 18,000 PER YEAR.

4. IN ADDITION TO SETTING OF MAXIMUM LIMITS, REFORMS IN METHODS OF COMPENSATION FOR BODILY INJURY AFFECT INTERESTS OF US VISITORS, AS RESIDENTS OF QUEBEC NOW RECEIVE PREFERRED TREATMENT OVER NON-RESIDENTS OF QUEBEC, ESPECIALLY WHEN ACCIDENT OCCURS WITHIN BOUNDARIES OF QUEBEC. IF FOR EXAMPLE A QUEBEC RESIDENT COLLIDES IN QUEBEC WITH A NON-RESIDENT, THE QUEBECKER WOULD BE ENTITLED TO FULL BENEFITS UNDER THE LAW, REGARDLESS OF FAULT, WHILE THE NON-RESIDENT WOULD ONLY BE ENTITLED TO THAT PROPORTION OF THE BENEFITS WHICH HIS INNOCENCE JUSTIFIES. THUS, AN AMERICAN JUDGED TO BE 50 PERCENT UNCLASSIFIED

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RESPONSIBLE FOR AN ACCIDENT WOULD ONLY BE ENTITLED TO A MAXIMUM OF DOLS 9000 IN INCOME COMPENSATION, SHOULD HE BE DISABLED. WITH TORT RIGHTS CANCELLED UNDER THE REFORM, HE WOULD NOT BE ABLE TO SUE FOR ADDITIONAL COMPENSATION, UNLESS QUEBEC RESIDENT HELD ASSETS IN US, IN WHICH CASE ACTION IN DAMAGES COULD BE INSTITUTED IN US JURISDICTION. IF ON OTHER HAND, QUEBEC RESIDENT HAS AN ACCIDENT IN US, HE WOULD BE ENTITLED TO FULL BENEFITS UNDER QUEBEC PROGRAM AND AT SAME TIME WOULD BE ALLOWED TO SUE FOR ADDITIONAL BENEFITS.

5. AMERICAN VISITORS TO QUEBEC WHO ARE INTERESTED IN MAINTAINING FULL INSURANCE COVERAGE ARE THEREFORE WELL ADVISED TO TAKE OUT ADDITIONAL INSURANCE, SUCH AS LONG TERM DISABILITY INSURANCE. WE HAVE ADVISED NATIONAL HEADQUARTERS OF AMERICAN AUTOMOBILE ASSOCIATION OF CHANGES IN QUEBEC INSURANCE LAWS. COPIES OF QUEBEC INSURANCE REGULATIONS CAN BE OBTAINED FROM SERVICE DES ASSURANCES, 800 PLACE D'YOUVILLE, CHAMBRE 803, QUEBEC, P.Q., CANADA.
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